

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 17-127 and 17-130.1 as follows:

6 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)
7 Sec. 17-127. Financing; revenues for the Fund.

8 (a) The revenues for the Fund shall consist of: (1)
9 amounts paid into the Fund by contributors thereto and from
10 employer contributions and State appropriations in accordance
11 with this Article; (2) amounts contributed to the Fund by an
12 Employer; (3) amounts contributed to the Fund pursuant to any
13 law now in force or hereafter to be enacted; (4)
14 contributions from any other source; and (5) the earnings on
15 investments of the Fund.

16 (b) The General Assembly finds that for many years the
17 State has contributed to the Fund an annual amount that is
18 between 20% and 30% of the amount of the annual State
19 contribution to the Article 16 retirement system, and the
20 General Assembly declares that it is its goal and intention
21 to continue this level of contribution to the Fund in the
22 future.

23 (b-5) Beginning In State fiscal year 1999, the State
24 shall include in its annual contribution to the Fund an
25 additional amount equal to 0.544% of the Fund's total teacher
26 payroll; except that this additional contribution need not be
27 made ~~in-a-fiscal-year~~ if the Board has certified in the
28 previous fiscal year that the Fund is at least 90% funded,
29 based on actuarial determinations. These additional State
30 contributions are intended to offset a portion of the cost to
31 the Fund of the increases in retirement benefits resulting

1 from Public Act 90-582 this-amendatory-Act-of-1998.

2 (c) For each State fiscal year ending after 2001, the
3 State shall contribute to the Fund, by means of
4 appropriations from the Common School Fund or other State
5 funds, an amount not less than the sum of (i) the amount so
6 appropriated for the State's fiscal year ending in 2001, plus
7 (ii) 20% of the amount, if any, by which the total amount
8 appropriated for contributions by the State to the Teachers'
9 Retirement System of the State of Illinois under Section
10 16-158 in the year of contribution exceeds the amount of such
11 appropriations for the State fiscal year ending in 2001.

12 (d) Beginning in the State fiscal year ending in 2002,
13 on the 15th day of each month, or as soon after that date as
14 is practicable, the Board shall submit vouchers for payment
15 of State contributions to the Fund, in a monthly amount of
16 one-twelfth of the required annual State contribution under
17 subsection (c) of this Section. If that required annual
18 contribution changes during the State fiscal year, the
19 remaining monthly amounts shall be adjusted in equal amounts
20 so that the total amount for which vouchers are submitted for
21 the year equals that required annual contribution. These
22 vouchers shall be paid by the State Comptroller and Treasurer
23 by warrants drawn on the funds appropriated to the Fund for
24 that fiscal year. If, in any month, the amount remaining
25 unexpended from all other State appropriations to the Fund
26 for that State fiscal year is less than the amount for which
27 vouchers are lawfully submitted under this Section, the
28 difference shall be paid under the continuing appropriation
29 available for that purpose pursuant to the Chicago Teacher
30 Pension Fund Continuing Appropriation Act.

31 (e) For the purposes of this subsection, "minimum
32 funding requirement" for any fiscal year means the greater of
33 (1) the minimum Board of Education contribution to the Fund
34 under Section 17-129 for a fiscal year (calculated without

1 regard to any contribution of the State to or for the benefit
2 of the Fund) or (2) the amount appropriated to the Fund by
3 the State for the State's fiscal year ending in 2001.

4 To the extent that the State contribution to the Fund
5 under this Section in a State fiscal year ending after 2001
6 exceeds the minimum funding requirement for that fiscal year,
7 that excess amount shall be treated for all purposes as a
8 payment (and release) of an equal amount of any obligation of
9 the Board of Education to its employees to make contributions
10 to the Fund on behalf of employees under Section 17-130.1 in
11 that fiscal year and shall be treated for all purposes in the
12 same manner and to the same extent as employee contributions
13 made by employees and deducted from salary, to the extent the
14 Board of Education would be so required by the terms of its
15 employment of employees who are members of the Fund to make
16 such a contribution in that State fiscal year. The amount so
17 to be applied in any State fiscal year shall be applied by
18 the Fund, as nearly as may be practicable, on an equal
19 monthly basis, adjusting the amount as necessary upon any
20 change in the appropriations or in the obligations of the
21 Board of Education.

22 Any amounts received by the Fund from the State in a
23 State fiscal year ending after 2001 (together with any
24 amounts carried forward from a previous year under this
25 provision) in excess of the sum of (i) the minimum funding
26 requirement for that year and (ii) the amount treated in that
27 year as a payment (and release) by the Board of Education of
28 Board of Education obligations to make contributions on
29 behalf of employees under Section 17-130.1, plus investment
30 earnings realized by the Fund on that excess, shall be held
31 by the Fund and carried forward to the next State fiscal
32 year, to be used for the purposes for which appropriations to
33 the Fund for that next fiscal year may be used under this
34 Section but shall not be a credit against or an offset of the

1 minimum funding requirement for the next fiscal year.

2 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;
3 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

4 (40 ILCS 5/17-130.1) (from Ch. 108 1/2, par. 17-130.1)

5 Sec. 17-130.1. Employer contributions on behalf of
6 employees. An Employer and the Board may make and may incur
7 an obligation to make contributions on behalf of its
8 employees in an amount not to exceed the employee
9 contributions required by Section 17-130 for all compensation
10 earned after September 21, 1981. If the Employer or the
11 Board of Education determines not to make such contributions
12 or incur an obligation to make such contributions, the amount
13 that it could have contributed on behalf of its employees
14 shall continue to be deducted from salary. If contributions
15 are made by an Employer or the Board on behalf of its
16 employees they shall be treated as employer contributions in
17 determining tax treatment under the United States Internal
18 Revenue Code. An Employer or the Board may make these
19 contributions on behalf of its employees by a reduction in
20 the cash salary of the employee or by an offset against a
21 future salary increase or by a combination of a reduction in
22 salary and offset against a future salary increase. An
23 Employer or the Board shall pay these employee contributions
24 from the same source of funds which is used in paying salary
25 to the employee or from amounts treated as made under Section
26 17-127,~~---or---it---may---also---or---alternatively---make---such~~
27 ~~contributions-from-the-proceeds--of--the--tax--authorized--by~~
28 ~~Section---34-60---of---the---School---Code.~~ Such employee
29 contributions shall be treated for all purposes of this
30 Article 17 in the same manner and to the same extent as
31 employee contributions made by employees and deducted from
32 salary; provided, however, ~~that--contributions-made-by-the~~
33 ~~Board-of-Education-on-behalf-of-its-employees-which-are-to-be~~

1 paid from the proceeds of the tax, as provided in Section
2 34-60 of the School Code, shall not be treated as teachers'
3 pension contributions for the purposes of Section 17-132 of
4 the Illinois Pension Code, and provided further, that
5 contributions which are made by the Board of Education on
6 behalf of its employees shall not be treated as a pension or
7 retirement obligation of the Board of Education for purposes
8 of Section 12 of "An Act in relation to State revenue sharing
9 with local governmental entities", approved July 31, 1969.
10 (Source: P.A. 90-566, eff. 1-2-98.)